



OTHER TAXES





Other Taxes



Other Taxes

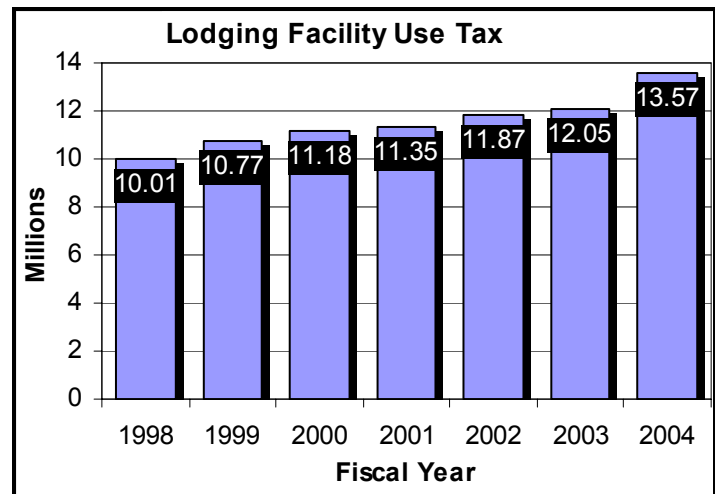
Lodging Facility Use Tax

A tax is imposed on users of overnight lodging facilities which include campgrounds, dormitories, condominium inns, dude ranches, guest ranches, hostels, public lodging houses, and bed and breakfast facilities or other structures containing individual sleeping rooms that provide lodging facilities for periods of less than 30 days. This tax is 4% of the lodging charge and is collected by the owner or operator of the facility.

Proceeds from the tax are deposited in a state special revenue fund to the credit of the Department of Revenue. Department administrative costs are paid, various state funds are reimbursed for taxes paid by state agencies for in-state lodging, and \$400,000 each year goes to the Montana Heritage Preservation Account. The balance is distributed 67.5% to the Department of Commerce for its direct use, 1% to the Montana Historical Society, 2.5% to the university system for the Montana Travel Research Program, and 6.5% to the Department of Fish, Wildlife and Parks for maintenance of facilities. The remaining 22.5% goes to various regional nonprofit tourism corporations unless that particular city-county area collects in excess of \$35,000 in proceeds annually. In this instance, half of the amount available for distribution to the nonprofit tourism corporation would instead go to a nonprofit convention and visitors bureau in that city-county region. (MCA 15-65-111, 15-65-121)

Lodging Facility Use Tax Collections

FY1998	\$10,008,143
FY1999	\$10,773,706
FY2000	\$11,184,192
FY2001	\$11,348,328
FY2002	\$11,872,763
FY2003	\$12,045,407
FY2004	\$13,573,172





Other Taxes

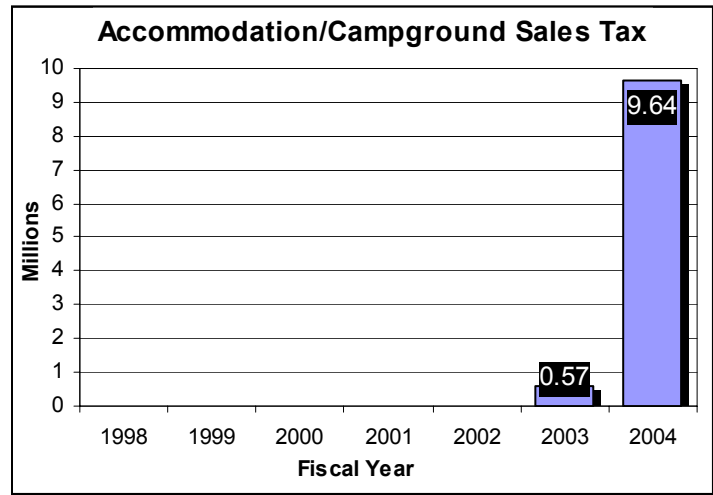
Sales and Use Tax - Accommodations and Campgrounds

The 2003 Legislature passed Senate Bill 407 (SB407), which enacted a 3% selective sales and use tax on accommodations and campgrounds effective July 1, 2003. The 3% sales tax on accommodations is levied in addition to the lodging facilities use tax. (MCA 15-68-102) Generally, the sales tax on accommodations applies to the same facilities as the Lodging Facility Use Tax.

Collections for fiscal year 2003 totaled \$571,237. Collections for fiscal year 2004, the first full year of the tax, totaled \$9,278,658. The revenue from the accommodations and campground sales and use tax is deposited in the state general fund. (MCA 15-68-820)

Accommodation and Campground Sales Tax

FY1998	
FY1999	
FY2000	
FY2001	
FY2002	
FY2003	\$571,237
FY2004	\$9,643,499





Other Taxes

Rental Vehicle Tax

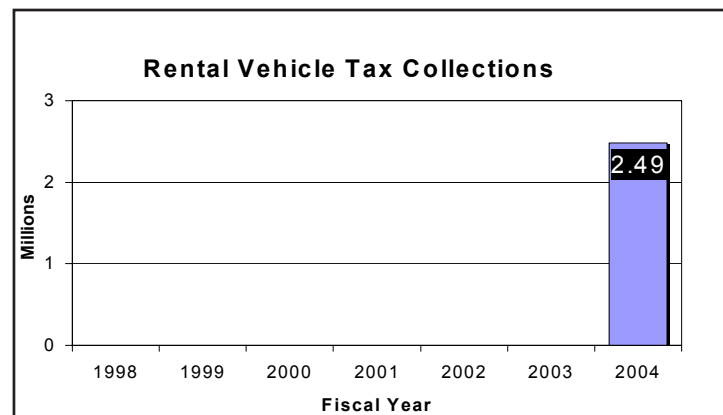
The 2003 Legislature passed Senate Bill 407 (SB407), which enacted a 4% selective sales and use tax on the base rental charges for rental vehicles, effective July 1, 2003 (MCA 15-68-102). The base rental charges include the charges for time of use of the rental vehicle, mileage, charges for personal accident insurance, charges for additional or underage drivers and charges for certain accessory equipment.

Farm vehicles, machinery and equipment are not considered motor vehicles for this part only and are not subject to the rental vehicle tax. In addition, off-highway vehicles as defined in 23-2-801, MCA and that are rented for periods longer than 30 days; and vehicles that are rented with a driver, pilot or operator or are designed to carry 15 or fewer passengers are not subject to the tax.

Owners or operators of a business whose transactions are subject to the tax will collect the tax and forward payment of the tax to the Department of Revenue by the last day of the month following the quarter's end.

Collections for fiscal year 2004, the first year of the tax, totaled \$2,485,989. The revenue from the rental vehicle tax is deposited in the state general fund (MCA 15-68-820).

Rental Vehicle Tax Collections	
FY1998	\$0
FY1999	\$0
FY2000	\$0
FY2001	\$0
FY2002	\$0
FY2003	\$0
FY2004	\$2,485,989





Other Taxes

Cigarette Tax

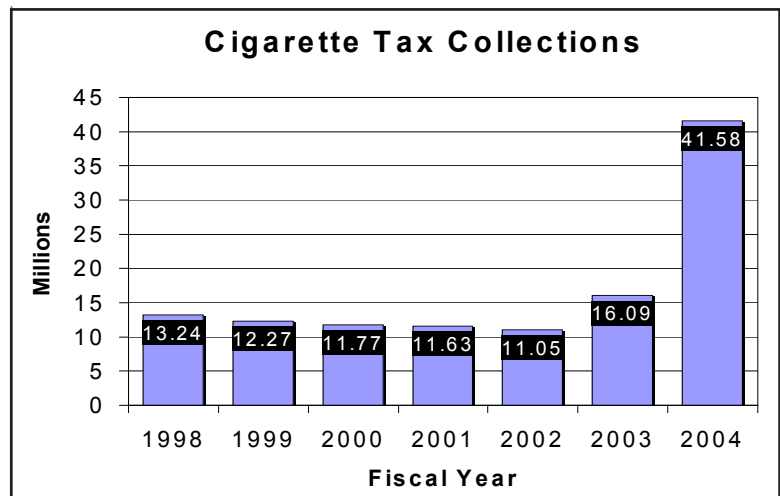
The 2003 Legislature passed Senate Bill 407 (SB407), which increased the taxes on cigarettes from 18¢ to 70¢ per pack, an increase of 52¢ per pack. The tax rate increase was effective on May 1, 2003.

Montana cigarette wholesalers pre-collect the 70¢ tax per package of 20 cigarettes. The tax is included in the retail price of the cigarettes. A tax insignia must be affixed to each package by the wholesaler licensed to purchase insignias at face value less allowances to defray costs of affixing insignias and pre-collecting the tax on behalf of the State of Montana.

Cigarette tax revenues, after tribal revenue sharing payments, are distributed 87.4% to the state general fund; 4.3% to the Long-Range Building Account; and 8.3% to the Department of Public Health and Human Services. (MCA 16-11-111; 16-11-119)

Cigarette Tax Collections

FY1998	\$13,244,550
FY1999	\$12,265,347
FY2000	\$11,766,271
FY2001	\$11,628,458
FY2002	\$11,052,174
FY2003	\$16,093,023
FY2004	\$41,582,823



Initiative 149, passed by the electorate on November 2, 2004 will raise the tax on cigarettes from 70¢ a pack to \$1.70 on January, 1, 2005. At 70¢ per pack, Montana ranked 23rd highest among the states with respect to taxes on cigarettes (see following table). At \$1.70 per pack, Montana will have the third highest tax on cigarettes among all states.



Other Taxes

Cigarette Tax for All States 2004

(December 12, 2004)

Rank	State	Excise Tax Rate	Rank	State	Excise Tax Rate
1	New Jersey	\$2.05	27	Arkansas (2)	\$0.59
2	Rhode Island	\$1.71	28	Idaho	\$0.57
3	Connecticut	\$1.51	29	Indiana	\$0.555
3	Massachusetts	\$1.51	30	Delaware	\$0.55
5	New York (1)	\$1.50	30	Ohio	\$0.55
6	Washington	\$1.425	30	West Virginia	\$0.55
7	Hawaii	\$1.40	33	South Dakota	\$0.53
8	Pennsylvania	\$1.35	34	New Hampshire	\$0.52
9	Oregon	\$1.28	35	Minnesota	\$0.48
10	Michigan	\$1.25	36	North Dakota	\$0.44
11	Vermont	\$1.19	37	Texas	\$0.41
12	Arizona	\$1.18	38	Georgia	\$0.37
12	Alaska	\$1.00	39	Iowa	\$0.36
12	Maine	\$1.00	39	Louisiana	\$0.36
12	Maryland	\$1.00	41	Florida	\$0.339
12	Dist. of Columb	\$1.00	42	Oklahoma	\$0.23
17	Illinois (1)	\$0.98	43	Colorado	\$0.20
18	New Mexico	\$0.91	43	Tennessee (1) (2)	\$0.20
19	California	\$0.87	45	Mississippi	\$0.18
20	Nevada	\$0.80	46	Missouri (1)	\$0.17
21	Kansas	\$0.79	47	Alabama (1)	\$0.165
22	Wisconsin	\$0.77	48	South Carolina	\$0.07
23	Montana	\$0.70	49	North Carolina	\$0.05
24	Utah	\$0.695	50	Kentucky (2)	\$0.03
25	Nebraska	\$0.64	51	Virginia (1)	\$0.025
26	Wyoming	\$0.60			

High	\$2.05
Low	\$0.025
Average	\$0.74
U. S. Median	\$0.60

Source: Compiled by FTA from various sources

(1) Counties and cities may impose an additional tax on a pack of cigarettes in AL, 1¢ to 6¢; IL, 10¢ to 15¢; MO, 4¢ to 7¢; NYC \$1.50; TN, 1¢; and VA, 2¢ to 15¢.

(2) Dealers pay an additional enforcement and administrative fee of 0.1¢ per pack in KY and 0.05¢ in TN. In AR, a \$1.25/1,000 cigarette fee is imposed.



Other Taxes

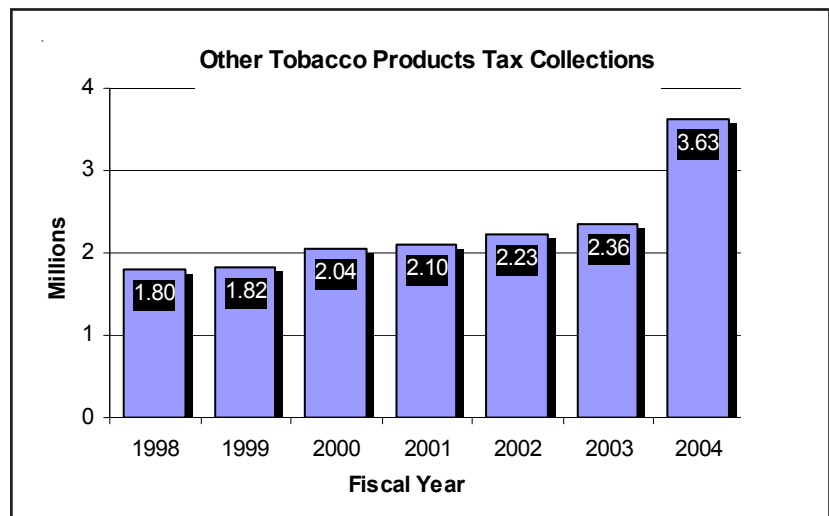
Tobacco Products Tax

The 2003 Legislature passed Senate Bill 407 (SB407), which increased the taxes on all tobacco products effective May 1, 2003. Prior to passage of SB407 the tax on "other tobacco products" was 12.5%. Under SB407, tobacco products, excluding cigarettes and moist snuff, are subject to a tax of 25% of their wholesale price. A tax of 35¢ per ounce is levied on moist snuff. The tax is collected from the wholesaler, less a 2.5% defrayment for collection and administrative expenses. Tobacco products tax revenues, after tribal revenue sharing payments, are deposited in the state general fund. (MCA 16-11-206; 16-11-202)

Initiative 149, passed by the electorate on November 2, 2004 will raise the tax on moist snuff from 35 cents to 85 cents per ounce, and taxes on other tobacco products will increase from 25% to 50% of wholesale price.

Other Tobacco Tax Collections

FY1998	\$1,801,084
FY1999	\$1,817,971
FY2000	\$2,042,241
FY2001	\$2,097,590
FY2002	\$2,228,524
FY2003	\$2,360,471
FY2004	\$3,625,893

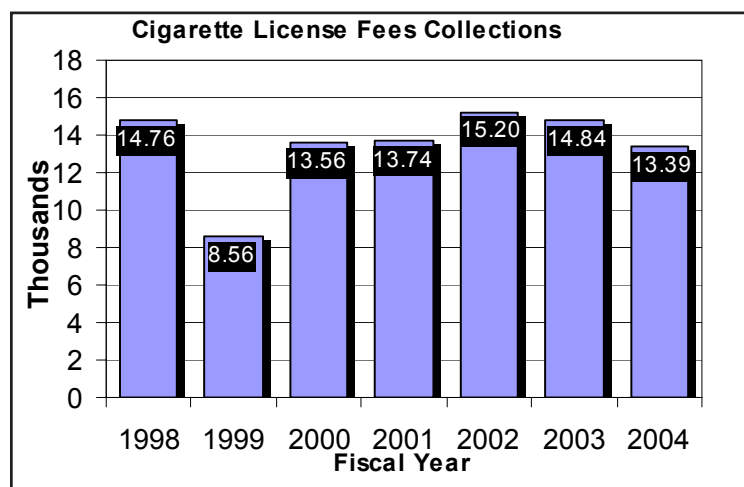


Cigarette Wholesalers' and Retailers' License Fees

A license fee is imposed on cigarette dealers in Montana. Wholesalers, subjobbers and vendors (possessing 10 or more machines) pay an annual license fee of \$50. Retailers and vendors (possessing 9 or fewer machines) pay an annual license fee of \$5. Revenues from the license fees are deposited in the state general fund. (MCA 16-11-120; 16-11-124)

Cigarette License Fees Collections

FY1998	\$14,760
FY1999	\$8,560
FY2000	\$13,555
FY2001	\$13,736
FY2002	\$15,203
FY2003	\$14,838
FY2004	\$13,388





Other Taxes

Alcohol Taxes

The Department of Revenue administers Title 16, Chapters 1 through 6, Montana Code Annotated. These sections of Montana Code relate to alcoholic beverage control, sale and distribution, and the licensing of alcoholic beverage manufacturers, wholesalers and retailers. Warehouse inventory management, warehouse shipping and receiving, agents' order processing, agents' accounts receivable management, and customer service functions are all duties performed by the Resource Management Division. The Customer Intake Bureau is charged with all licensing and regulatory responsibilities for all-beverage, beer and wine licensees. Additionally, the bureau oversees brewery and winery registrations, vendor permit applications and renewals, special retail beer permit applications, and provides information and explanation about licensing activity or related law, rule, policy and procedures.

An explanation of revenues and their distribution to cities, towns and counties may be found in the fiscal *2002-2003 Annual Financial Report of the Liquor Enterprise Fund* from the Resource Management Division.

Selected Comparison of State Liquor License Fees		
State	On-Premise License	Fee
Montana	All Beverages	\$ 400 - 800
	Beer and Wine	\$ 400
	Fraternal All Beverages	\$ 400 - 800
	Veteran's All Beverages	\$ 250 - 650
Wyoming	Resort/Restaurant License	\$ 500 - 3000
	County Malt Beverage	\$ 100 - 1500
	Fraternal, Veteran, Golf	\$ 100 - 1500
Idaho	Beer (Retail)	\$ 50
	Wine (Retail)	\$ 100
	Beer and Wine (wholesaler)	\$ 300
	Liquor (Retail)	\$ 300-750
Washington	Beer	\$ 400 - 520
	Beer and Wine	\$ 400 - 520
	Beer, Wine and Spirits	\$ 1000 - 2000
South Dakota	Retail Wine	\$ 500
	Retail Beer, Wine and Spirits	Set Locally
North Dakota	Beer, Wine and Spirits	\$ 100 - 200
Source: National Alcohol Beverage Control Association Annual Survey, 2001		

Number of Licensees By License Type - FY2004					
----- Off-Premise -----			----- Wholesale -----		
Type of License	Number Issued	Annual Fee	Type of License	Number Issued	Annual Fee
Agencies	98	No Fee	Beer	9	\$ 400
Beer	165	\$ 200	Wine	4	\$ 400
Wine	8	\$ 200	Beer & Wine	22	\$ 800
Beer & Wine	769	\$ 400			
Total Off-Premise	1,040		Total Wholesale	35	
----- On-Premise -----			----- Breweries/Wineries -----		
Type of License	Number Issued	Annual Fee	Type of License	Number Issued	Annual Fee
Beer	102	\$ 200	Beer	84	\$ 500
Beer & Wine	555	\$ 400	Wine	478	\$ 25 - 400
Beer & Wine & Spirits	1,603	\$ 400 - 800			
Total On-Premise	2,260		Total Suppliers	562	



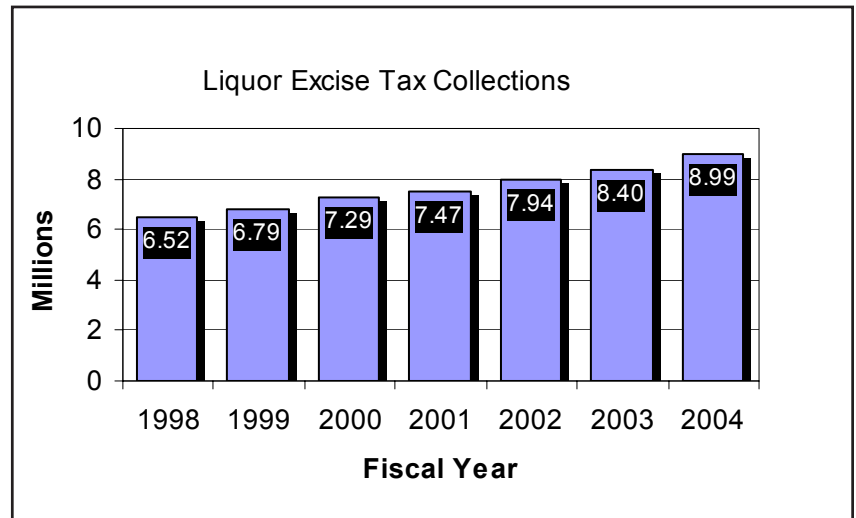
Other Taxes

Liquor Excise Tax

The Department of Revenue collects an excise tax of 16% of the retail-selling price on all liquor sold by the state. The excise tax on products sold by companies whose annual sales do not exceed 200,000 proof gallons of liquor nationwide in the preceding year is 13.8%. A small portion of liquor excise tax revenue is refunded to three Indian tribes that have a revenue sharing agreement with the state, with the remaining revenue deposited in the state general fund. (MCA 16-1-401)

Liquor Excise Tax Collections

FY1998	\$6,515,413
FY1999	\$6,786,469
FY2000	\$7,292,796
FY2001	\$7,472,654
FY2002	\$7,936,782
FY2003	\$8,395,319
FY2004	\$8,992,427

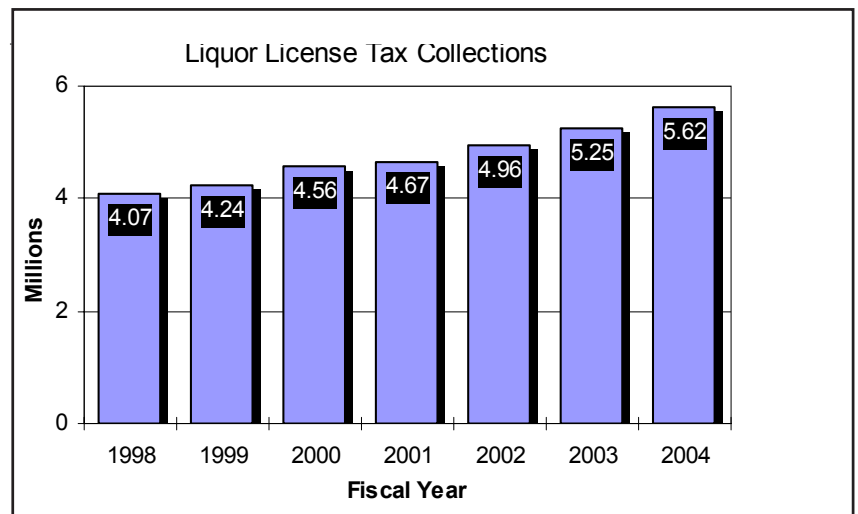


Liquor License Tax

A license tax equal to 10% of the retail selling price of all liquor sold by the state is levied in addition to the liquor excise tax. The liquor license tax on products sold by companies whose annual sales do not exceed 200,000 proof gallons of liquor nationwide in the preceding year is 8.6%. The liquor license tax is deposited 34.5% in the state general fund and 65.5% to the Department of Public Health and Human Services to fund alcohol treatment programs. (MCA 16-1-404)

Liquor License Tax Collections

FY1998	\$4,069,693
FY1999	\$4,238,338
FY2000	\$4,560,286
FY2001	\$4,668,407
FY2002	\$4,961,565
FY2003	\$5,248,155
FY2004	\$5,621,399





Other Taxes

Beer Tax

Section 16-1-406, MCA, provides for a tax on each barrel (a barrel consists of 31 gallons) of beer sold in Montana by a wholesaler at rates ranging from \$1.30 to \$4.30 per barrel depending on the size of the brewer.

Beer tax revenues are distributed 76.74% to the state general fund and 23.26% to the Department of Public Health and Human Services. A small portion of beer tax revenue is refunded from the state general fund to those Indian tribes that have a revenue sharing agreement with the state. Currently, the state has agreements with the Blackfeet, Fort Peck and Fort Belknap Tribes.

Barrels Produced by a Brewer	Tax Rate Per Barrel
Less than or equal to 5,000	\$1.30
5,001 to 10,000	\$2.30
10,001 to 20,000	\$3.30
Greater than 20,000	\$4.30

Beer Tax Collections	
FY1998	\$3,324,479
FY1999	\$3,443,466
FY2000	\$3,613,076
FY2001	\$3,614,271
FY2002	\$3,673,818
FY2003	\$3,680,560
FY2004	\$3,852,302

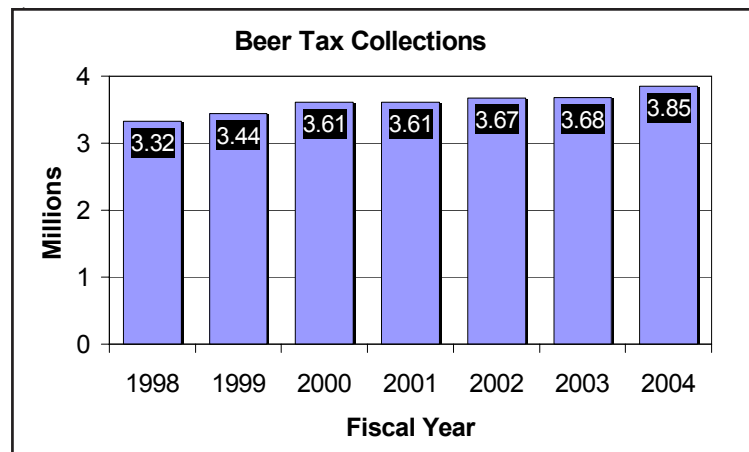
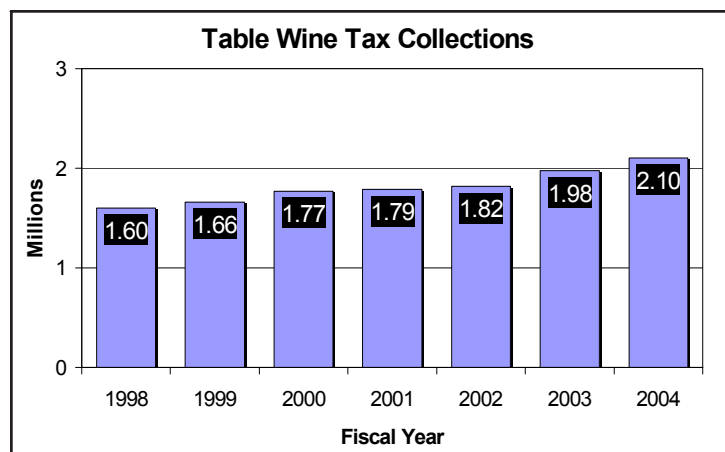


Table Wine Tax

A tax of 27¢ per liter on table wine and a tax of 3.7¢ per liter on hard cider are levied on the amount imported by any distributor or the Department of Revenue. The revenues collected from the tax are deposited 69% to the state general fund, and 31% to the Department of Public Health and Human Services for treatment, rehabilitation and prevention of alcoholism. A small portion of wine tax revenue is refunded from the general fund to the Indian tribes that have a revenue-sharing agreement with the state. (MCA 16-1-411)

Table Wine Tax Collections	
FY1998	\$1,600,500
FY1999	\$1,661,112
FY2000	\$1,767,654
FY2001	\$1,786,403
FY2002	\$1,815,798
FY2003	\$1,976,257
FY2004	\$2,104,165





Other Taxes

Non-Tax Alcoholic Beverage License and Fee Collections

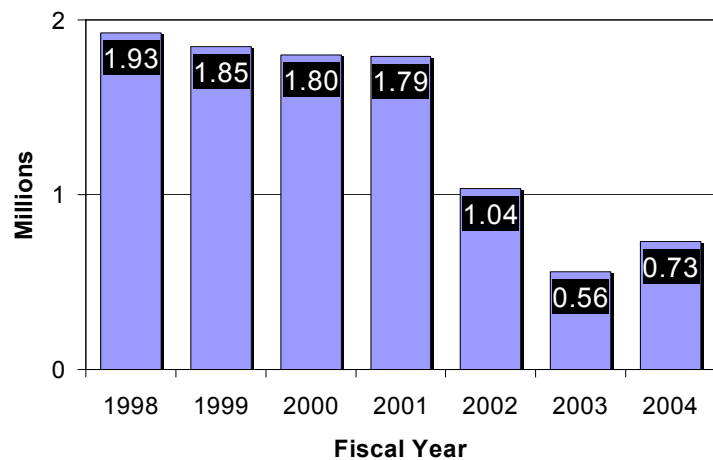
All-beverage licenses are subject to a one-time fee of \$20,000. In cities of 10,000 population or larger, an annual renewal fee of \$800 is charged with lesser renewal amounts charged for cities with smaller populations. The number of licenses available in an area depends on the population. Nationally chartered veteran organizations, airlines, railroads, resorts and caterers pay specific fees different from those collected for other liquor licenses.

The department retains license and fee revenues from these sources in a liquor enterprise fund. The administrative and compliance expenses associated with enforcing the liquor laws of Montana by the Department of Revenue and the Department of Justice are paid from the liquor enterprise fund. The balance remaining in the fund at the end of the fiscal year is deposited in the state general fund (MCA 16-2-108).

Non-Tax Liquor Collections

FY1998	\$1,925,247
FY1999	\$1,847,265
FY2000	\$1,798,601
FY2001	\$1,789,706
FY2002	\$1,036,184
FY2003	\$558,198
FY2004	\$734,102

Non-Tax Liquor Collections





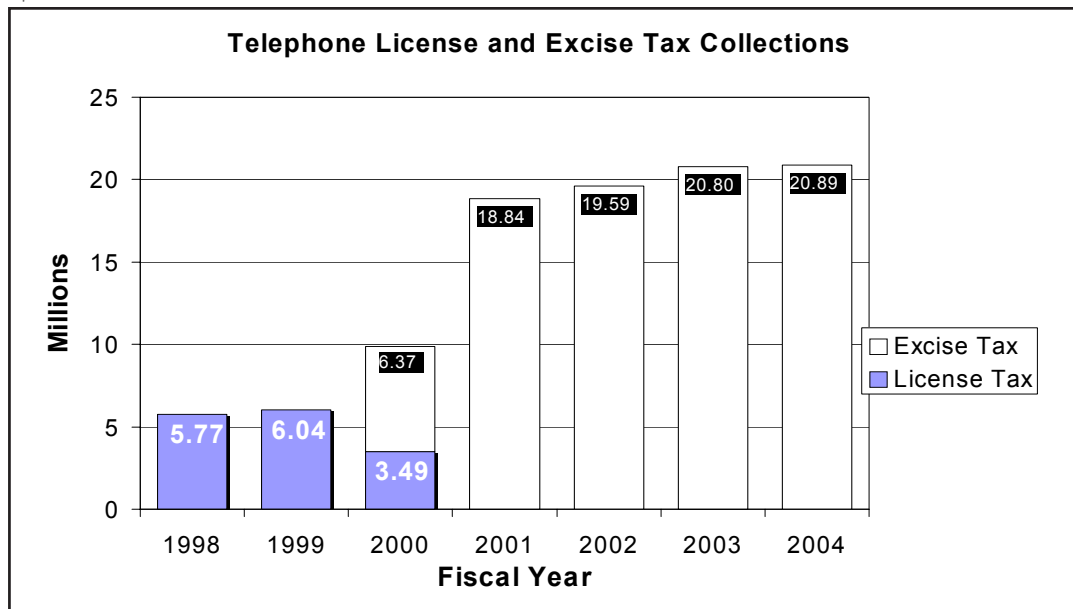
Other Taxes

Telephone Company License Tax and Retail Telecommunications Excise Tax (RTET)

Through 1999, Montana levied a telephone company license tax of 1.8% on the gross revenue that telephone companies earned from in-state telephone calls. On January 1, 2000, this tax was replaced by the retail telecommunications excise tax, levied at a rate of 3.75%, on retail sales of telecommunications services where the transmission either originates or terminates in Montana, and the bill is sent to a Montana address. All receipts of both the telephone company license tax and the retail telecommunications excise tax are deposited in the state general fund. (MCA 15-53-128)

Telephone License and Excise Tax Collections

Tax Year	License Tax	Excise Tax
FY1998	\$5,773,341	\$0
FY1999	\$6,036,769	\$0
FY2000	\$3,490,590	\$6,366,299
FY2001	\$0	\$18,838,200
FY2002	\$0	\$19,593,501
FY2003	\$0	\$20,804,524
FY2004	\$0	\$20,890,336





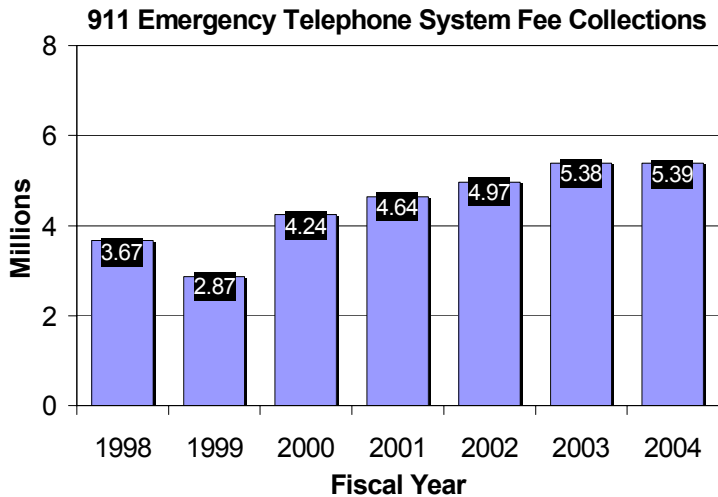
Other Taxes

Statewide 911 Emergency Telephone System Fee

A fee of 50¢ a month per access line on each service subscriber in the state is imposed on the amount charged for telephone exchange access services. Services the state is prohibited from taxing and coin-operated public telephones are exempt from this fee. The fee revenue is deposited in a special revenue fund for development of emergency 911 systems in the state. (MCA 10-4-201)

911 Emergency Telephone System Fee Collections

FY1998	\$3,666,571
FY1999	\$2,868,094
FY2000	\$4,244,220
FY2001	\$4,644,034
FY2002	\$4,968,579
FY2003	\$5,383,414
FY2004	\$5,388,386

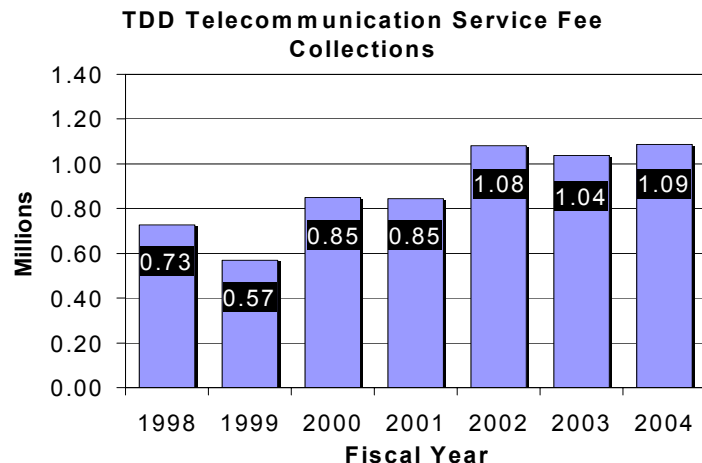


TDD Telecommunications Service Fee

A fee of 10¢ a month per access line on each service subscriber in the state is imposed on the amount charged for telephone exchange access services. The revenue from this fee is deposited in a special revenue account to provide telecommunication devices for persons with hearing disabilities. (MCA 53-19-311)

TDD Telecommunication Service Fee Collections

FY1998	\$728,017
FY1999	\$570,089
FY2000	\$850,586
FY2001	\$845,505
FY2002	\$1,080,299
FY2003	\$1,038,093
FY2004	\$1,086,929





Other Taxes

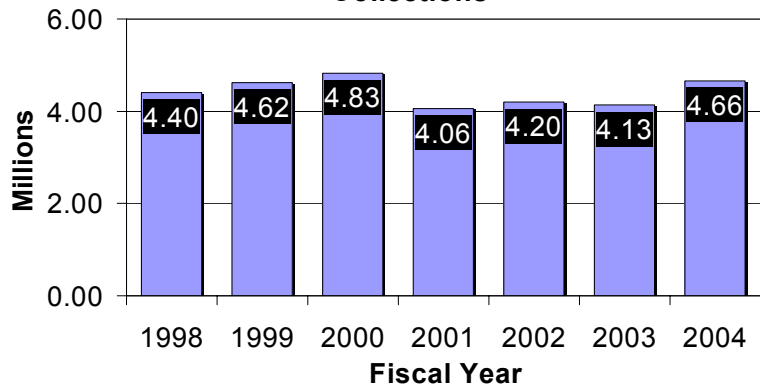
Electrical Energy Producers' License Tax

A quarterly tax is imposed on any business in the state engaged in the generation of electrical energy. The tax is \$.0002 per kilowatt hour (kwh) of electrical energy generated, manufactured or produced. Electric energy producers license tax collections are deposited in the state general fund. (MCA 15-51-101)

Electrical Energy Producers' License Tax Collections

FY1998	\$4,401,728
FY1999	\$4,618,433
FY2000	\$4,829,002
FY2001	\$4,057,952
FY2002	\$4,197,477
FY2003	\$4,130,019
FY2004	\$4,660,529

Electrical Energy Producers' License Tax Collections



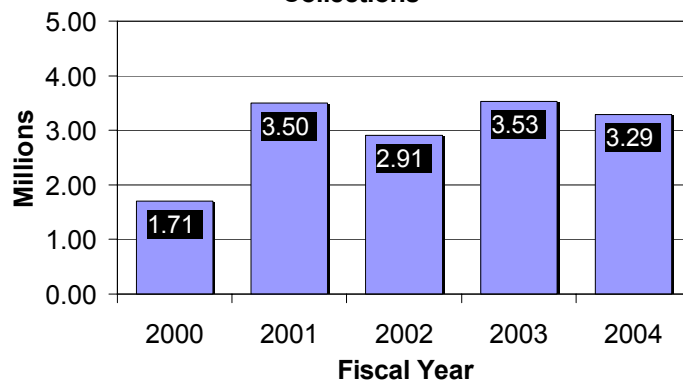
Wholesale Energy Transaction Tax

The wholesale energy transaction (WET) tax is imposed at a rate of \$0.00015 per kilowatt hour (Kwh) on all electricity transmitted by a transmission service provided in the state. The tax, effective January 1, 2000, is paid on a quarterly basis; hence, fiscal 2000 only received two quarters worth of payments from this tax. The WET tax is deposited in the state general fund. (MCA 15-72-101)

Wholesale Energy Transaction Tax Collections

FY2000	\$1,705,093
FY2001	\$3,503,427
FY2002	\$2,906,263
FY2003	\$3,532,056
FY2004	\$3,292,659

Wholesale Energy Transaction Tax Collections





Other Taxes

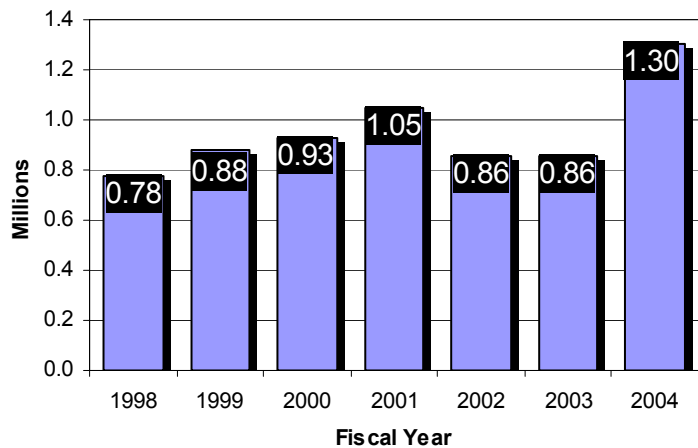
Consumer Counsel Tax

All companies providing services which are regulated by the Public Service Commission are subject to a quarterly Consumer Counsel Tax on gross operating revenue. The tax rate is set annually for the succeeding fiscal year to cover appropriations for the operation of the Office of the Consumer Counsel. All collections are deposited in a state special revenue fund. (MCA 69-1-201;223;224)

Consumer Counsel Tax Collections

FY1998	\$779,809
FY1999	\$877,935
FY2000	\$929,731
FY2001	\$1,049,394
FY2002	\$855,308
FY2003	\$858,819
FY2004	\$1,303,597

Consumer Counsel Tax Collections



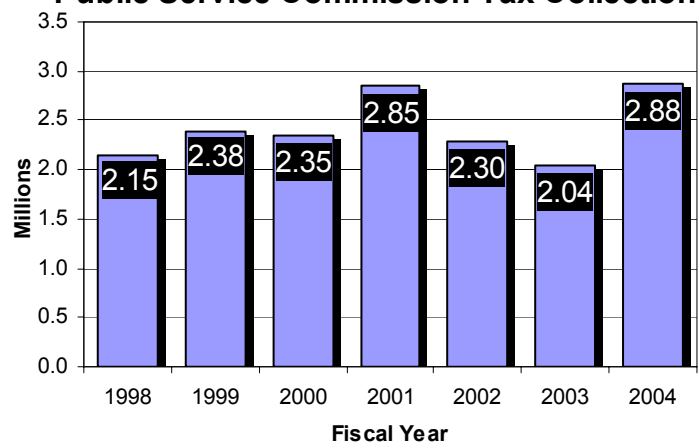
Public Service Commission Tax

All companies providing services which are regulated by the Public Service Commission are subject to a quarterly tax on gross revenues excluding revenues from sales to other regulated companies for resale. The tax rate is set annually for the succeeding fiscal year in a manner to fund appropriations for the operations of the Department of Public Service Regulation. All collections are deposited in a state special revenue fund. Motor carriers are not subject to the tax. (MCA 69-1-402)

Public Service Commission Tax Collections

FY1998	\$2,154,289
FY1999	\$2,383,511
FY2000	\$2,347,280
FY2001	\$2,851,306
FY2002	\$2,296,111
FY2003	\$2,041,709
FY2004	\$2,875,741

Public Service Commission Tax Collections





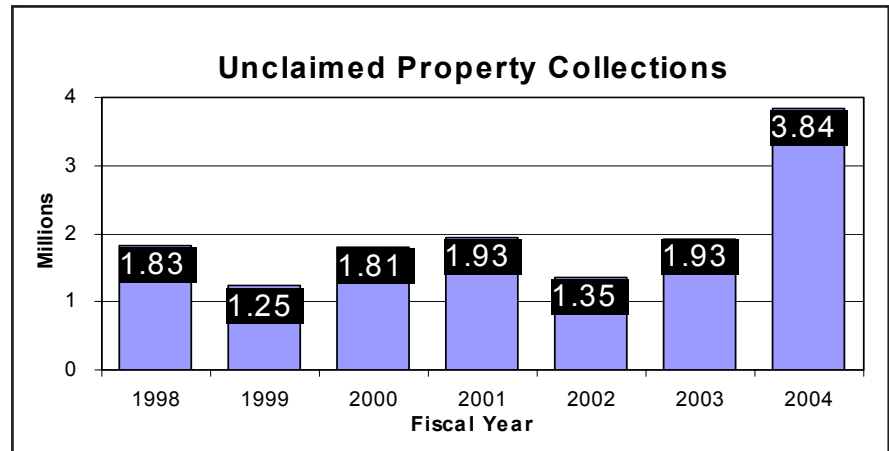
Other Taxes

Unclaimed Property

Under Montana's uniform unclaimed property act, any intangible and certain tangible property unclaimed by its owner must be turned over to the Department of Revenue. Montana is considered a "custodial state" and holds such property on behalf of the owners of lost or abandoned property. The department maintains records on all unclaimed property reported in Montana. Reports filed by holders of unclaimed property (banks and insurance companies, for instance) may be examined by the public.

Unclaimed Property Collections

FY1998	\$1,831,638
FY1999	\$1,247,508
FY2000	\$1,809,387
FY2001	\$1,930,446
FY2002	\$1,349,765
FY2003	\$1,929,547
FY2004	\$3,836,896

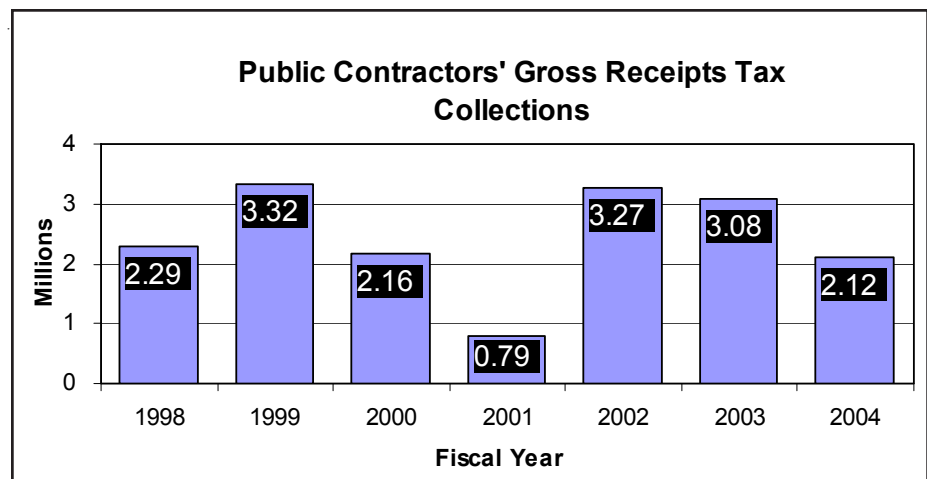


Public Contractors' Gross Receipts Tax

Prime contractors and all levels of subcontractors must pay a tax equal to 1% of all public contracts over \$5,000. A contractor can obtain part or all of the tax back by requesting refunds for business equipment and vehicle property taxes paid by the contracting business, and by claiming credit on a Montana individual income tax return or Montana corporation license tax return. Revenues are deposited in the state general fund. (MCA 15-50-101)

Public Contractors' Gross Receipts Tax Collections

FY1998	\$ 2,290,944
FY1999	\$ 3,320,402
FY2000	\$ 2,162,223
FY2001	\$ 791,615
FY2002	\$ 3,267,321
FY2003	\$ 3,081,553
FY2004	\$ 2,120,485





Other Taxes

Inheritance and Estate Taxes

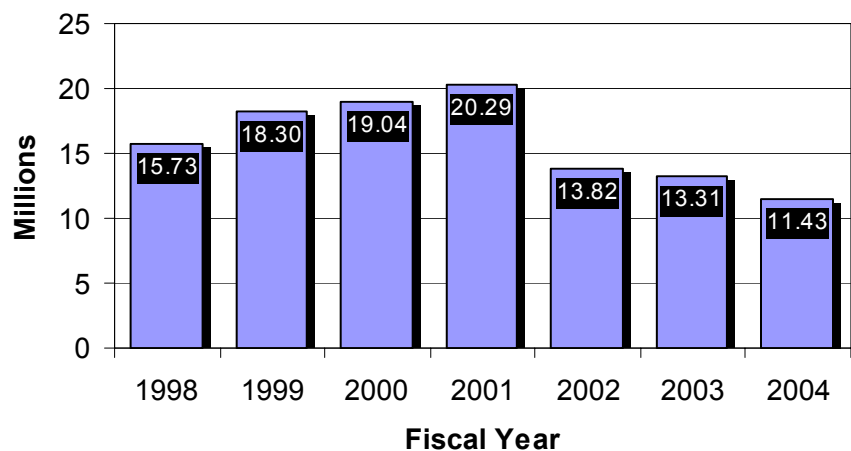
The federal estate tax allows a credit for state inheritance or estate taxes. The Montana estate tax is equal to the maximum deduction allowed under the federal tax. The tax is due within eighteen months from the date of death.

Montana's inheritance tax was repealed by the passage of Legislative Referendum 116 in November 2000, and does not apply to bequests made on or after January 1, 2001. Beginning on January 1, 2002, the federal deduction is being phased out in 25% increments. Therefore, there will be no Montana estate tax for deaths on or after January 1, 2005. Inheritance and estate tax collections are deposited in the state general fund. (MCA 72-16-901)

Inheritance and Estate Tax Collections

FY1998	\$15,726,605
FY1999	\$18,301,680
FY2000	\$19,038,785
FY2001	\$20,285,642
FY2002	\$13,816,144
FY2003	\$13,305,983
FY2004	\$11,431,103

Inheritance and Estate Taxes Collections

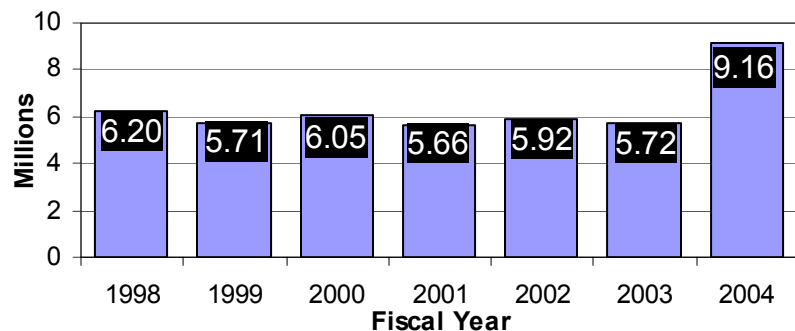


Nursing Facility Bed Tax

Nursing Facility Bed Tax Collections

FY1998	\$6,200,413
FY1999	\$5,713,357
FY2000	\$6,054,947
FY2001	\$5,655,978
FY2002	\$5,918,173
FY2003	\$5,723,472
FY2004	\$9,158,829

Nursing Facility Bed Tax



Title 15, chapter 60, MCA, provides for a nursing facilities utilization fee. "Nursing facilities" are health care facilities licensed by the Department of Public Health and Human Services (DPHHS) as facilities providing "skilled nursing care" or "intermediate nursing care." It does not matter whether the facility is nonprofit or for-profit, freestanding or part of another facility, publicly owned or privately owned. Through fiscal 2003 the nursing facilities utilization fee was \$2.80 per day. HB705 (2003) increased the fee to \$4.50 in fiscal 2004,



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and to \$5.30 in fiscal 2005. HB743 (2003) included the Montana Mental Health Nursing Care Center among facilities required to pay this fee. Through fiscal 2003, all collections of the nursing facility utilization fee were deposited in the general fund. Starting in fiscal 2004, \$2.80 of the nursing facility utilization fee is deposited in the general fund; any excess over this amount is deposited in the nursing facility utilization fee state special revenue account. (*MCA Title 15, Chapter 60*)

Intermediate Care Facility Utilization Fee

HB722 (2003) implemented a new utilization fee for intermediate care facilities for the developmentally disabled. Retroactively applied to tax years beginning after December 31, 2002, the fee is equal to 5% of the intermediate care facility's quarterly bed day revenue. Intermediate care facilities are required to report the revenue and the number of resident bed days quarterly. Collections from this fee, which totaled \$454,664 in fiscal 2003 and \$863,036 in fiscal 2004, are deposited 30% to the state general fund, and 70% to the Department of Public Health and Human Services.

Hospital Facility Utilization Fee

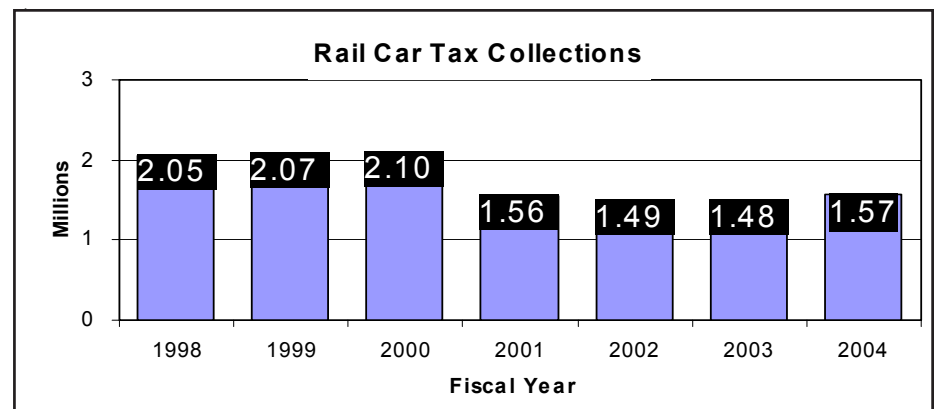
Effective July 1, 2003, HB481 (2003) imposed a new utilization fee on hospitals. The fee is equal to \$32.44 per bed day for the period July 1, 2003 through December 31, 2003, and \$19.43 per bed day for the period January 1, 2004 through June 30, 2005. The fee terminates June 30, 2005. Hospitals are required to report bed days annually and remit the fee by January 31 of each year. The fee generated \$7,427,903 in fiscal 2004 with all revenue deposited in a state special revenue fund to the credit of the Department of Public Health and Human Services.

Rail Car Tax

The rail car tax provides for the central assessment of rail car companies' operating properties. The rail car tax is assessed on the rolling stock of freight line companies. Section 15-23-214, MCA, provides that the tax is computed by multiplying the taxable value of the property by the average statewide mill levy for commercial and industrial property. Rail car tax revenue is deposited in the state general fund.

Rail Car Tax Collections

FY1998	\$ 2,054,244
FY1999	\$ 2,074,000
FY2000	\$ 2,100,600
FY2001	\$ 1,555,747
FY2002	\$ 1,489,813
FY2003	\$ 1,484,264
FY2004	\$ 1,567,868





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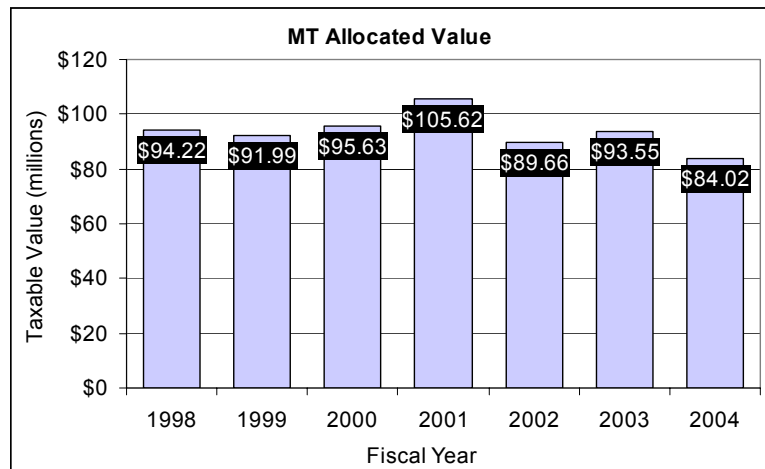
Calculation of Rail Car Tax

Rail car companies were moved from a gross receipts tax to an ad valorem tax by the July 1992 special session of the Montana legislature. Calculation of rail car tax liability for tax year 2004 is a three-step process. The first step is to determine the Montana market value of rail car companies. The second step is to calculate the taxable value by applying the class 12 taxable valuation rate to the Montana market value. The third step is to apply 95% of the statewide average mill levy for commercial and industrial property to the taxable value.

Step 1: Calculate Montana Market Value

The Montana market value has fluctuated over the years. The total Montana allocated values for all rail car companies for fiscal years 1996 through 2004 is shown in the table.

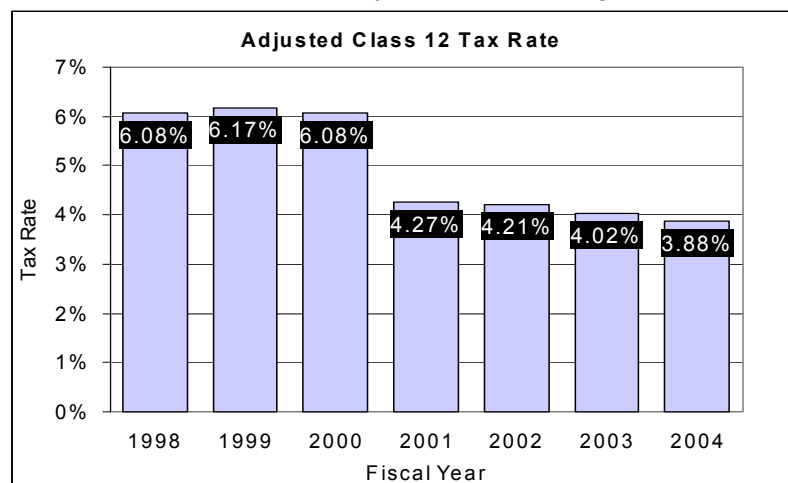
Montana Allocated Value		
Fiscal Year	MT Allocated Value	Percent Change
1998	\$94,220,000	11.91%
1999	\$91,985,000	-2.37%
2000	\$95,626,964	3.96%
2001	\$105,615,567	10.45%
2002	\$89,657,366	-15.11%
2003	\$93,549,680	4.34%
2004	\$84,020,000	-10.19%



Step 2: Calculate Taxable Value Rate

The second step in calculating the rail car tax liability is to calculate the taxable value by applying the class 12 taxable valuation rate to Montana market value. The class 12 taxable valuation rate, which applies to railroad and airline property, is a composite rate reflective of the weighted average tax rate applied to all commercial and industrial property in the state. The class 12 taxable valuation rate for fiscal years 2001 through 2003 decreased significantly from the fiscal 2000 value due to the impacts of legislation, passed during 1999 Legislative session, on taxable valuations of classes 7, 8, and 9 properties. The class-12 tax rate is 3.88% for fiscal 2004. The table shows class 12 tax rates for fiscal years 1996 through 2004.

Class 12 Tax Rate		
Fiscal Year	Adjusted Class 12 Tax Rate	Percent Change
1998	6.08%	-3.34%
1999	6.17%	1.48%
2000	6.08%	-1.46%
2001	4.27%	-29.77%
2002	4.21%	-1.41%
2003	4.02%	-4.51%
2004	3.88%	-3.52%





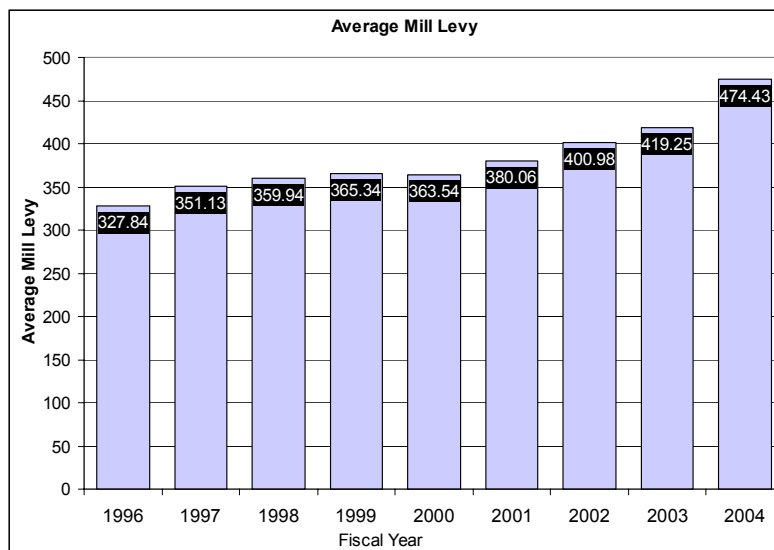
Other Taxes

Step 3: Calculate Statewide Average Commercial/Industrial Property Mill Levy

The third step in calculating the rail car tax liability is to determine the statewide average mill levy for commercial and industrial property. Section 15-23-211, MCA, provides a definition of the "average levy." Prior to fiscal year 2004, 95% of the average statewide mill levy was used as the average state mill. Under current law tax calculations are calculated at 100% of the average statewide mill levy.

The applicable average statewide mill levies for commercial and industrial property for fiscal years 1996 through 2004 are shown in the table below.

Average Statewide Mill Levy Commercial and Industrial Property Fiscal Years 1996 through 2003		
Fiscal Year	Average Mill Levy	Percent Change
1996	327.84	4.29%
1997	351.13	7.10%
1998	359.94	2.51%
1999	365.34	1.50%
2000	363.54	-0.49%
2001	380.06	4.54%
2002	400.98	5.51%
2003	419.25	4.56%
2004	474.43	13.16%



Calculate General Fund Revenue

The rail car tax general fund revenue is Montana's allocated rail car value multiplied by the class 12 taxable valuation rate, and then multiplied by the average statewide mill levy for commercial and industrial property as shown in the table.

Calculation of Rail Car Tax General Fund Revenue Fiscal 2004	
Description	FY2004
Total Montana Allocated Value	\$ 84,020,000
Multiply by Class 12 Tax Rate	3.88%
Taxable Value	\$ 3,259,976
Multiply by Mill Levy	0.47443
General Fund Revenue	\$ 1,546,627



Other Taxes